BUDGET RESOLUTION/New Taxes & Spending for Building Schools

SUBJECT: Senate Concurrent Budget Resolution for fiscal years 1999-2003 . . . S.Con. Res. 86. Domenici motion to table the Conrad (for Moseley-Braun) amendment No. 2175.

ACTION: MOTION TO TABLE AGREED TO, 54-46

SYNOPSIS: As reported, S.Con. Res. 86, the Senate Concurrent Budget Resolution for fiscal years 1999-2003, will balance the unified budget in 1998 and will run surpluses for each of the next 5 fiscal years. Both Federal spending and Federal revenues will increase 3.5 percent from fiscal year (FY) 1998 to FY 1999. All surpluses will be reserved for Social Security reform. A reserve fund will be established to allow the entire Federal share of revenues resulting from a potential tobacco settlement to be dedicated to bolstering Medicare's solvency.

The Conrad (for Moseley-Braun) amendment would express the sense of the Senate that the assumptions underlying the functional totals in this budget resolution assume the enactment of legislation to allow States and school districts to issue \$21.8 billion worth of zero-interest school modernization bonds to rebuild and modernize schools, and to provide Federal income tax credits to the purchasers of those bonds in lieu of interest payments. The amendment would also make 11 findings, including that the General Accounting Office (GAO) has found: that 38 percent of urban schools, 30 percent of rural schools, and 29 percent of suburban schools have at least one building in need of extensive repairs or replacement; that 14 million children attend schools in need of extensive repair or replacement; and that the cost of bringing all schools up to good conditions would be \$112 billion.

Debate on a first-degree amendment to a budget resolution is limited to 2 hours. After debate, Senator Domenici moved to table. Generally, those favoring the motion to table opposed the amendment; those opposing the motion to table favored the amendment.

Those favoring the motion to table contended:

The amendment before us states that it is the sense of the Senate that this resolution assumes that tax credits will be given to leverage \$21.8 billion in school construction bonds. During debate, the amendment's sponsor has said that the total cost of those

(See other side)							
YEAS (54)			NAYS (46)			NOT VOTING (0)	
Republicans		Democrats	Republicans	Democrats		Republicans	Democrats
•	· · ·	Democrats (1 or 2%) Byrd	Republicans (2 or 4%) D'Amato Specter		Johnson Kennedy Kerrey Kerry Kohl Landrieu Lautenberg Leahy Levin Lieberman Mikulski Moseley-Braun Moynihan Murray Reed Reid Robb Rockefeller Sarbanes Torricelli Wellstone Wyden	Republicans (0)	Democrats (0) FION OF ABSENCE:
	Smith, Bob Smith, Gordon Snowe Stevens Thomas Thompson Thurmond Warner					2—Necessarily Absen 3—Illness 4—Other SYMBOLS: AY—Announced Yea AN—Announced Nay PY—Paired Yea PN—Paired Nay	nced Yea nced Nay Yea

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tax credits will be \$3.3 billion. However, we assure our colleagues that no such assumption was made in putting this resolution together. If this amendment were approved, and if an attempt were then made to give the tax credits, offsets would have to be found. This sense-of-the-Senate amendment, though, does not give the slightest clue how of how it would pay for giving this tax credit. If Senators really think that it should be put into effect, then we think it would have been much more responsible of them to suggest how they would pay for it. Do they want to take the money from the budget surplus instead of using it for Social Security? If that is our colleagues' intent, they should have the courage to say so, and we will fight them every inch of the way. We will not support stealing one penny from Social Security. If they want to raise taxes, they should say so, and again we will fight their proposal. Unfortunately, though, we do not know what they intend, because their amendment just falsely assumes that this resolution has already budgeted for the expense.

Though the amendment will not have any substantive policy effect whether it is adopted or not, it certainly may have harmful political consequences. Senators who vote against it may well be subjected to 30-second attack ads claiming that they are against educating children. The amendment's supporters have talked about how much they want to put partisanship aside, but the reality is that this amendment has been designed and put forward solely by Democrats for political purposes. The proposal, without offsets, cannot be taken seriously as a policy, but it certainly will be useful in running for office or for attacking Senators who dare to vote against it. Therefore, we will not hold it against any of our Republican colleagues if they vote for this amendment.

Still, we urge them not to, not only because it does not identify offsets, but because it advocates a policy that should not be pursued. The basic premise of this amendment is that a large percentage of the schools in this country are in disrepair, and that the response of the Federal Government should be to give financial help without bothering to figure out why they are in disrepair, or, as our colleagues have said, figure out who to "blame." This basic premise, which is the typical Democratic response to any perceived problem, is horribly flawed. Throwing money at problems does not solve them. Efforts should be made to find the causes, and then efforts should be made to find solutions that are known to work rather than to impose one new grand theory on everybody on how to solve the problem. In this particular circumstance, we know that the General Accounting Office has said that up to a third of the nation's public schools have at least one building in serious need of repair, and it has found that the need is spread fairly evenly across rural, suburban, and city schools. The first point that must be noted, then, is that two-thirds of schools in the country, in rural, suburban, and city areas, do not have major infrastructure problems. Why are those schools succeeding? That question should be asked, not to point fingers of blame, but to see if the schools that are failing can emulate the success of the majority of schools. Our colleagues, though, just want to give more money.

Their assumption is that the majority of the problems come from poorer school districts not having a large enough tax base to pay for school improvements. They note, correctly, that poorer school districts have higher local tax rates and still collect less revenue than rich areas with lower tax rates. What they fail to note, however, is that poorer school districts still tend to spend more per pupil than do richer districts when all spending, such as spending on disabilities education, is considered, and they also fail to note that studies have consistently found spending to be inversely proportional to student performance, which once led Senator Moynihan to remark, facetiously, that the best way to increase the performance of failing schools would be to cut their funding.

Decades of educational research have not only shown that poorer districts are trying, they have also identified factors that have shown why they are not succeeding. Interestingly, the amount spent does not really matter. It is true, as our colleagues have noted, that some studies have found that students who are studying in dilapidated buildings have lower test scores, but that simple statistic is no more proof that the buildings are causing those poor test scores than is the simple statistic on per pupil spending proof that spending too much causes poor test scores. From the SIME/DIME studies onward, researchers have consistently found that the major determinants of student performance are related to family social factors. Regardless of school spending or family income, the strongest measures of student success have consistently been found to be such factors as whether two parents are in the household, whether the children's parents read and expect their children to read, the hours of television viewing permitted, and the amount of time spent doing homework. When children have not received the support they need from home, their performance has slipped. The misguided and ineffectual response at all levels of government has been to increase spending. In our opinion, the Federal Government's attempts at help have often greatly added to school's burdens, choking them with mandates and paperwork requirements. Also, Federal laws and court rulings have made it nearly impossible for schools to discipline unruly and dangerous students. Instead of trying to improve the poor condition of some schools by spending more money, we think we ought to concentrate on removing Federal burdens and encouraging parental involvement in their children's' educations.

If one insists on using the amount of educational spending as a measure of commitment to education (instead of measuring how effective that spending is), the Federal Government is clearly trying. Each year it spends about \$100 billion on nearly 800 separate educational programs. Much of that spending is on primary and secondary education, even though such education has always been primarily a State and local responsibility. Most of the Federal Government's spending on K-12 education is on "niche" areas, such as special education. When Congress imposed special education mandates many years ago it promise that it would pay 40 percent of the costs that local governments would incur, but it has payed as little as 6 percent. We think that the Government should concentrate on meeting its current commitments before assuming new responsibilities. On disabilities funding, Republicans have managed so far to get funding up to 9 percent, and this budget resolution before us will increase spending by another \$2.5 billion.

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Our Democratic colleagues who want to assume this new responsibility for school construction did not propose any increase for disabilities education.

School construction would definitely be a new responsibility. The only time in history that the Federal Government has given aid to build public schools was during the Great Depression, when people and States were broke. Today, the situation is reversed-people and the States have money, and the Federal Government is \$5.5 trillion in debt. Still, Democratic Senators are eager to win votes by promising more Federal spending in their States.

We disagree with our Democratic colleagues, but we are pleased to say that on this issue President Clinton has also spoken in opposition to new spending. Specifically, he said that "the construction and renovation of school facilities has traditionally been the responsibility of State and local governments financed primarily by local taxpayers. We are opposed to the creation of a new Federal grant program for school construction." We congratulate President Clinton for that statement. We concur, and thus strongly oppose the Moseley-Braun amendment.

Those opposing the motion to table contended:

The Moseley-Braun amendment would express the sense of the Senate that this resolution assumes that we are going to forge a new Federal-State-local-private partnership to rebuild America's schools. The need for that effort is indisputable and the benefits that will come from those repairs will be huge. Why many schools are in disrepair is irrelevant. Assigning blame will not help students; fixing their schools will. The Moseley-Braun amendment would put the Senate on record as being in favor of taking the needed action.

According to the GAO, roughly one-third of the country's public schools have at least one building that is in serious disrepair. Every day, 14 million kids go to schools that do not meet basic building codes. In many cases, they are in buildings that have extreme health and safety code violations. Many people think that it is the fault of the school districts that have these dilapidated buildings, especially in poorer, inner-city areas. However, the GAO and others have found that poorer school districts have higher marginal tax rates than do richer districts. They only collect less money because their tax bases are smaller, not because they are trying less. The reality is that the districts with the worst problems are frequently the districts that are trying the hardest. For any Senators who think that this is just an inner-city problem, we note that the problem crosses all demographic bounds. The problem is slightly worse in the cities, but run-down schools can be found in every type of neighborhood in every State. Roughly one-third of all schools in America, whether in the cities, the suburbs, or rural areas, have very serious building problems. The need for school repairs is universal and extreme.

Our country's economic future rests on its willingness to respond to that need. According to the Manufacturing Institute, increasing the education level of workers by just 1 year raises productivity by 8.5 percent. An educated workforce is a productive workforce, and as this country moves to increasingly high-tech production that need is growing. If America is going to retain and advance the standard of living of its citizens, it is going to have to make sure that they are better educated than the citizens of other countries. Unfortunately, it is failing dismally compared to its major economic competitors. American public education students perform more poorly in testing on nearly every subject than do students from other industrialized countries, and they even perform more poorly than students from many developing countries. If we do not do better by our children, they will be unable to compete when they graduate. According to a Georgetown University study, students in substandard buildings test 10.9 percent lower than students in buildings in good condition. Other studies have found differences of up to 20 percent.

Unfortunately, State and local governments do not have enough money to tackle the problem alone. The current cost for bringing all schools up to standard is \$114 billion. Most States have budget surpluses, but the combined total of those surpluses is just \$28 billion. The Federal Government also has its economic problems, so it cannot pay the whole cost, but it can help. The Moseley-Braun amendment offers a very cost effective solution that will take care of approximately one-third of the needs. The amendment would allow State and local governments to offer Federal tax breaks to private companies in order to build new schools. This approach would allow the Federal Government to spend \$3.3 billion and leverage more than \$21 billion in new construction. For a very minor investment, the Moseley-Braun amendment offers Senators a chance to make a very big difference in the lives of millions of school children. Now is not the time for partisanship--we urge all Senators to support this amendment.